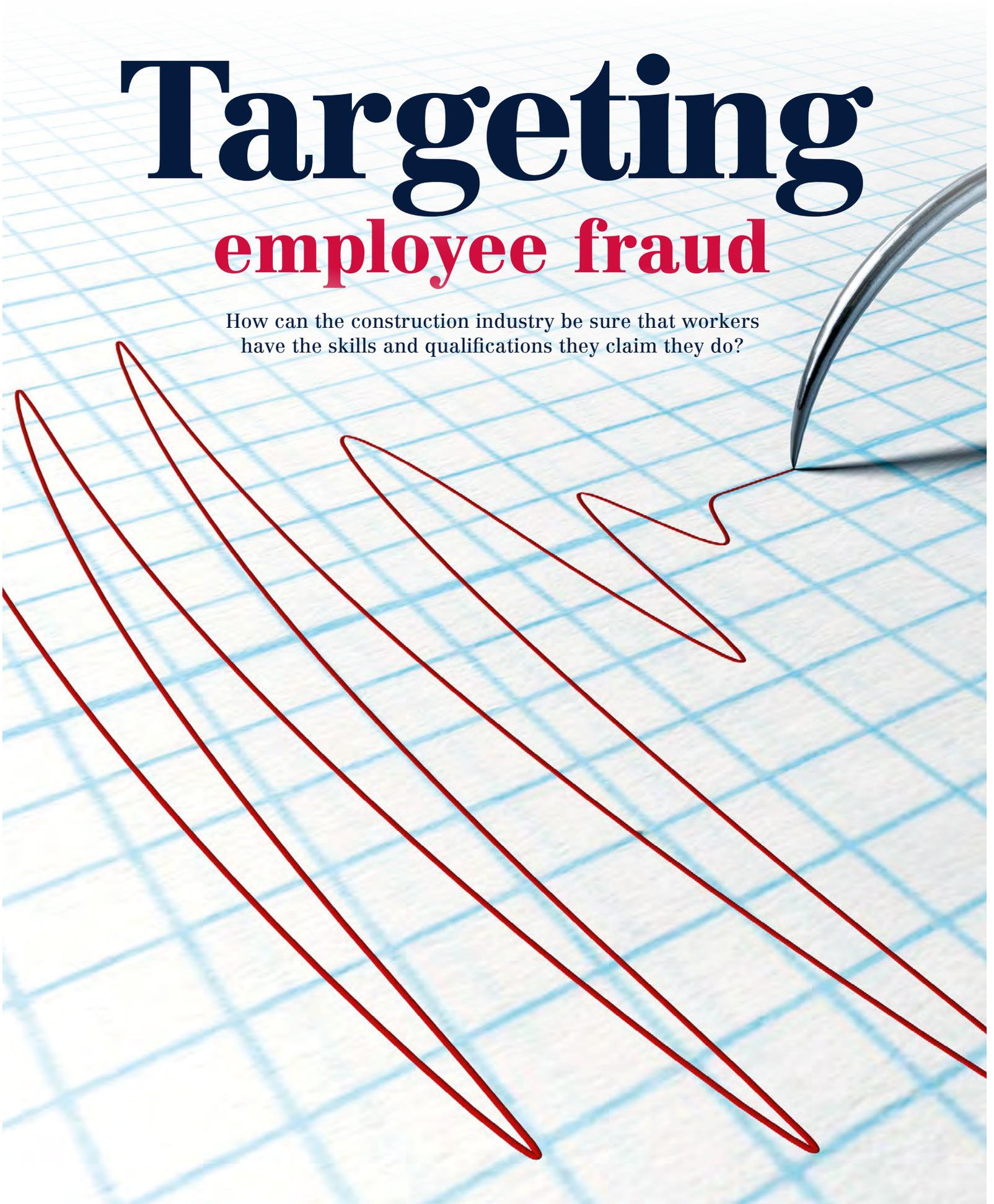


# Targeting employee fraud

How can the construction industry be sure that workers have the skills and qualifications they claim they do?



Words by  
**Mark Smulian**

**F**raud by construction employees can be a matter of life and death – not merely financial dishonesty – which is why industry firms must be alive to the possibility that someone who works for them, or for a subcontractor, may not be what they seem.

In October 2015, the *New York Daily News* reported that 18 construction workers had died the previous year in the city.

Nine fell to their deaths; others were crushed by improperly braced walls. With fewer building inspectors supervising a growing number of sites, safety enforcement became problematic – a situation worsened by those working with fake qualifications.

**“On some job sites, up to 50% of workers can have fraudulent training cards.”**

*Jim Bifulco, President of CSACNY*

The newspaper reported that companies were prosecuted for paying ‘safety officers’, who turned out to be cooks, hotel bellhops and hairdressers.

Last August, the Construction Safety Advisory Committee of New York (CSACNY) said sales of fraudulent construction safety training cards had cost more than 30 lives in two years.

CSACNY president Jim Bifulco said: “On some job sites, up to 50 per cent of workers can have fraudulent training cards.”

A report on the issue called for the creation of an agency to register accredited trainers and list on its website those authorised to work.

### **False credentials**

Another investigation found there was pressure on workers to obtain safety cards but the time off work required for the relevant training meant some bought forged cards instead.

Joe Charczenko, a Partner in New York-based Construction Risk Partners, a JLT Group Company says: “The area where we are dealing with major challenges today is around the falsification of credentials,

particularly safety-related credentials such as Occupational Safety and Health Administration training and other required jurisdictional training.

“This is particularly concerning as the construction workforce becomes more and more diverse and tradespeople are not adequately trained.”

Methods by which employers can seek to minimise such frauds include making sure money, property and information are accessed only by those properly authorised, making background checks on job applicants and enabling anonymous reporting of suspected frauds.

It’s not just on site where employers must be alive to fraud, but also in senior management.

In a notable case in Australia, Andrew Flanagan was hired by retailer Myer on a AUD 400,000 salary as General Manager for strategic and business development, but was found on his first day to have falsified his curriculum vitae. He was prosecuted and sentenced to perform unpaid community work.

**80%**

**of employers were found not to verify applicants’ qualifications with the awarding body, instead relying on potentially forged certificates and transcripts.**

To take another example, the UK has a similar problem to that seen in the US of workers equipping themselves with bogus credentials showing them to have qualifications they do not, in fact, possess.

To combat this, the country’s Construction Industry Training Board (CITB) maintains an anti-fraud team to find and remove fraudulent qualification cards from workers.

It has also acted against fraud in skills testing centres by accelerating the installation of CCTV in all of them.

But it has said that employers could do more, with only 43 per cent of workers

reporting that their skills cards were properly checked before they started a job.

In February 2017, seven people were jailed following CITB investigations: five of them for running a ‘forgery factory’ creating bogus documents.

The other two cases involved facilitating illegal working in the UK and illegally entering the country to work in construction.

CITB fraud investigator Ian Sidney says: “Illegal working undermines legitimate employers, harms the reputation of the industry, drives down wages and denies employment opportunities to many others.”

### **Qualification check**

Prospects, the UK universities combined careers service, has issued advice to employers of all kinds on how they can check qualifications carefully, including claims that applicants for managerial and professional roles have degrees.

Its Higher Education Degree Datacheck (HEDD) has identified more than 230 bogus providers who misuse the name ‘university’ or issue fake degrees and only 20 per cent of employers were found to verify applicants’ qualifications with the awarding body, as opposed to relying on potentially forged certificates and transcripts.

Danger signs to look out for include ‘universities’ that lack the appropriate suffix in their website addresses. For example in the UK ‘ac.uk’ is restricted to genuine institutions.

Some bogus sites even use an Ascension Islands domain to give them a ‘.ac’ address to mimic genuine ones.

Incorrect spelling and grammar is also often a giveaway of a bogus institution, as is the use of a PO Box address.

While it’s impossible to catch all frauds in an industry such as construction, which by its nature has a very mobile workforce, some simple precautionary steps will help reduce the level of incidents reported. It is also important to remember that fraud can happen at any level regardless of seniority. ■

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